



DEPARTMENT OF THE ARMY
US ARMY MEDICAL RESEARCH AND MATERIEL COMMAND
504 SCOTT STREET
FORT DETRICK, MARYLAND 21702-5012

REPLY TO
ATTENTION OF:

21 JUN 2002

MCMR-RMC

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Policy Memorandum 2002-32, Definition of Accounting Terms for Use by the U.S. Army Medical Research and Materiel Command

1. REFERENCE. DFAS-IN Regulation 37-1, Finance and Accounting Policy Implementation, 18 Sep 95.

2. PURPOSE.

a. To provide standardized definitions of cost accounting terms to facilitate their uniform application in the management and control of the U.S. Army Medical Research and Materiel Command (USAMRMC) research and development resources.

b. To identify those functions which are to be included in determining total overhead costs.

3. APPLICABILITY.

a. This policy applies to all subordinate activities of the U.S. Army Medical Research and Materiel Command.

b. The definition used in this policy applies only to RDT&E appropriations.

4. RESPONSIBILITY.

a. The Deputy, Resource Management is the proponent for the definition of cost accounting terms as they relate to USAMRMC operations.

b. Commanders and staff principals will ensure adherence to this policy as it applies to RDT&E programs under their control.

*This memorandum supersedes Command Policy 98-09, 5 Dec 98.

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5. GENERAL. All costs, direct or overhead, will be identified and charged to the appropriate accounting task.

6. DEFINITIONS. Definitions and examples of the different categories of costs/expenses are provided.

a. Direct Cost. Costs (labor, material, contracts, travel and transportation) that can be identified directly with a final Research, Development, Test and Evaluation (RDTE) project. These are costs that are directly identifiable to a research or development effort. Examples include:

- (1) Salaries and benefits;
- (2) Research equipment;
- (3) Maintenance of research equipment, including calibration;
- (4) Research grants, R&D contracts and discreet R&D tasks under technology assessment contracts;
- (5) Field studies (all costs);
- (6) Research and development training and mission related conferences;
- (7) Mission essential travel;
- (8) Rental of laboratory research spaces;
- (9) Supplies (e.g., reagents);
- (10) Reprints (e.g., publication costs);
- (11) Contract students;
- (12) National Research Council (NRC) Fellows; and

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(13) Intergovernmental Personnel Agreement (IPA).

b. General and Administrative (G&A) Expenses (Overhead). Expenses incurred in support of the overall mission which are not directly identifiable to a specific mission, but are associated with the administrative functions. Examples of G&A expenses include:

- (1) Office of Commander (e.g., Commander, Deputy Commander, Executive Officer and their secretaries);
- (2) Adjutant, budget and accounting, personnel and logistics offices;
- (3) Special staff (e.g., patent, safety and surety officers);
- (4) Technical editor;
- (5) General equipment (e.g., office furniture, room dividers, air conditioners and smoke eaters);
- (6) General maintenance and service contracts (e.g., copying and FAX machines and facility support);
- (7) General supplies;
- (8) Travel in support of administrative functions;
- (9) Operations (e.g., security, protocol, safety, administering meetings and conferences); and
- (10) Communications (e.g., telephones).

c. Service Center Costs. These are costs (labor, Material, contracts, etc.) associated with functions that support all the missions of the laboratory. These costs could be direct or

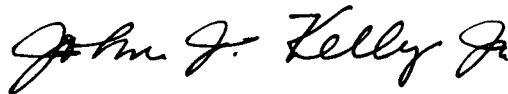
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overhead depending on the recipient of the support. All cost generated by these cost centers must be distributed to the user. The user fee is normally estimated on the basis of historical data on pro rata use of the function. These costs are to be totally distributed. Some of these costs may be distributed to the G&A. Examples of Service Center Costs include:

- (1) Laboratory animal support;
- (2) Medical maintenance;
- (3) Medical/technical library;
- (4) Acquisition Management Liaison Office operations;
- (5) Safety/security (science specific);
- (6) Environmental;
- (7) Computer support;
- (8) Tissue culture laboratory; and,
- (9) Diagnostics/analysis laboratory.

FOR THE COMMANDER:



JOHN J. KELLY, JR
LTC, MS
Secretary of the General Staff

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